

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1986, as amended. (V1.0B)

Unit Name* HENRIETTA TOWNSHIP	County* JACKSON	Type* TOWNSHIP	MuniCode* 38-1-060
Opinion Date-Use Calendar* Dec 24, 2008	Audit Submitted-Use Calendar* Dec 31, 2008	Fiscal Year End Month* 06	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit, timely as required by the general property tax act?
<input type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan as revised (see Appendix H or Bulletin)?
<input type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 618,122.00
General Fund Expenditure:	\$ 580,532.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 301,261.00
Governmental Activities Long-Term Debt (see instructions):	\$ 35,500.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* DOUGLAS	Last Name* ATKINS	Ten Digit License Number* 11D1016353		
CPA Street Address* 2880 SPRING ARBOR RD	City* JACKSON	State* MI	Zip Code* 48203	Telephone* +1 (517) 782-9351
CPA Firm Name* MARKOWSKI & COMPANY	Unit's Street Address* 11120 MUSBACH RD	Unit's City* MUNTTH	Unit's Zip* 49259	

HENRIETTA TOWNSHIP
JACKSON COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2008

**HENRIETTA TOWNSHIP
FINANCIAL STATEMENTS
JUNE 30, 2008**

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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Township Board
Henrietta Township
Jackson County, Michigan

We have audited the financial statements of the governmental activities, major funds, and remaining fund information, which collectively comprise the basic financial statements, of Henrietta Township, Michigan, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

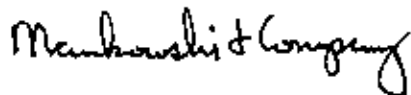
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major funds, and remaining fund information of the Township at June 30, 2008, and the changes in financial position, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Township Board
Henrietta Township
Jackson County, Michigan

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The accompanying required supplementary information, as described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

A handwritten signature in black ink, appearing to read "Markowski & Company". The signature is fluid and cursive, with the "M" and "C" being particularly prominent.

MARKOWSKI & COMPANY, CPAs
December 24, 2008

Management's Discussion and Analysis

Using this Annual Report

As management of Henrietta Township, we offer the readers of these financial statements this narrative overview and analysis of the financial activities of Henrietta Township for the fiscal year ended June 30, 2008.

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's net assets increased by \$33,178 from a year ago. A substantial portion of the Township's net assets (34%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment and payments for road construction) net of related debt. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

In a condensed format, the table below shows the net assets as of the current date:

	Governmental Activities	
	June 30, 2008	June 30, 2007
Current Assets	\$ 583,338	\$ 543,965
Noncurrent Assets	335,735	375,224
Total Assets	919,073	919,189
Current Liabilities	52,153	49,947
Noncurrent Liabilities	-	35,500
	52,153	85,447
Net Assets		
Invested in Capital Assets - Net of Debt	300,235	304,224
Unrestricted	566,685	529,518
Total Net Assets	\$ 866,920	\$ 833,742

Management's Discussion and Analysis

The Township as a Whole (Continued)

The following table shows the changes of the net assets as of the current date:

	Governmental Activities	
	June 30, 2008	June 30, 2007
Program Revenues		
Charges for Services	\$ 115,627	\$ 134,451
Capital Grants and Contributions	5,680	6,050
General Revenues		
Property Taxes	144,625	137,274
State-Shared Revenues	315,225	305,122
Interest Income	11,760	10,769
Franchise Fees	9,639	9,097
Other Income	25,144	13,378
Total Revenues	627,700	616,141
Program Expenses		
Legislative	58,159	50,825
General Government	218,445	212,467
Public Safety	254,808	238,373
Public Works	12,486	10,275
Depreciation	50,624	51,455
Total Expenses	594,522	563,395
Change in Net Assets	\$ 33,178	\$ 52,746

Government Activities

The Township's total governmental revenues increased by \$11,559. Charges for services decreased by 14% as revenues from construction inspection fees decreased as new construction has slowed. Property taxes increased by 5%, and State shared revenues increased marginally. The Township monitors its budget and expenditures closely in order to control costs. Each department is involved in the budgeting and planning process and fully understands that a budget is a plan that is adjustable. Each department's budget and expenditures are reviewed monthly with the department heads and management. Total expenses increased by \$31,127, due partly to elections being held, increased costs in repairs and maintenance as fire department equipment needed servicing and a severe winter increased costs of snow plowing for the Township hall and grounds.

The Township's Funds

The fund financial statements provide a more detailed analysis of the Township's operations, which is focused primarily on the current use of available resources. The Township maintains several funds to help manage money designated for special purposes, as well as to show accountability for certain activities.

Management's Discussion and Analysis

The Township's Funds (Continued)

The General Fund, the major governmental fund, relates to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State Shared revenues, and from fees charged for various municipal activities and services. The General Fund's fund balance increased \$37,590. Total expenditures in the General Fund were \$580,532 in the current year.

The Township has two other governmental funds, the Vehicle Replacement Fund accounts for monies set aside for the replacement of vehicles and equipment. During the year the fund had revenues of \$1,912 made up entirely of interest income and expenditures of \$10,000 used to purchase a new fire department turn out gear.

The Public Improvement Fund is used for monies set aside for Township public improvements. During the year the fund had revenues of \$7,665 made up entirely of interest income and no expenditures.

General Fund Budgetary Highlights

The initial budget was well planned and reviewed by each department and the board. Monthly and quarterly budget meetings are held, and amendments are made as needed. The original budget adopted for the Township's General Fund projected a \$48,245 decrease in fund balance. As the year progressed, and actual events took place, amendments were adopted to reflect the changing financial picture.

The final General Fund budget projected a \$17,220 decrease in fund balance.

Capital Asset and Debt Administration

At the end of 2008, the Township had \$215,278 invested in a broad range of capital assets (net of accumulated depreciation), including buildings and fire equipment. In addition, the Township has invested \$120,457 (net of amortization) in roads within the Township since 2004 when these investments were required to be reported as assets. These assets are not reported in the Township's capital financial statements because of Michigan law, which makes these roads the property of the County Road Commission. During the year new fire equipment (fire safety turn out gear) was purchased.

The Township owed \$35,500 to the County Road Commission for road work completed in the Township in prior years.

Economic Factors and Next Year's Budgets and Rates

The Township continues to budget for a slowing economy for 2007, 2008 and 2009. Property taxes and state constitutional revenue sharing look to be slightly lower. The Township has increased its refuse fees at the Recycling Center/Transfer Station to offset increased costs of operations. The Township has completed a cost of services analysis to aid in budgeting and expenditures for this year and on into next year. The Township is currently revising the six year Public Improvement and Vehicle/Equipment Replacement Plan to meet projected future needs. The Township continues to look for ways to reduce operating costs and search and apply for grants for needed fire equipment. A team of citizens commissioned to research the need and costs of a sewer system in densely populated lake areas is continuing its study. The Township is also researching where it may consolidate services with an adjacent township.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office located at 11120 Musbach Road, Munith, MI 49259.

HENRIETTA TOWNSHIP
JACKSON COUNTY, MICHIGAN
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

HENRIETTA TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 273,557
Investments	207,030
Accounts receivable	858
Due from other governments	101,893
Total current assets	<u>583,338</u>
NONCURRENT ASSETS:	
Land	3,500
Buildings and improvements	291,300
Office equipment	82,978
Equipment	253,701
Vehicles	458,242
Less - Accumulated depreciation	<u>(874,443)</u>
Net property and equipment	215,278
Intangible asset - road construction	120,457
Total noncurrent assets	<u>335,735</u>
Total assets	<u>919,073</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable	11,097
Accrued expenses	1,166
Accrued leave payable	4,390
Bonds, notes, and loans payable	35,500
Total current liabilities	<u>52,153</u>
NET ASSETS:	
Invested in capital assets - net of related debt	300,235
Unrestricted	566,685
Total net assets	<u>\$ 866,920</u>

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Legislative	\$ 58,159	\$ -	\$ -	\$ -	\$ (58,159)
General government	218,445	80,266	-	-	(138,179)
Public safety	254,808	30,659	-	5,680	(218,469)
Public works	12,486	4,702	-	-	(7,784)
Depreciation	50,624	-	-	-	(50,624)
Total governmental activities	<u>594,522</u>	<u>115,627</u>	<u>-</u>	<u>5,680</u>	<u>(473,215)</u>
General revenues					
Property taxes					144,625
State-shared revenues					315,225
Interest income					11,760
Franchise fees					9,639
Other income					25,144
Total general revenues					<u>506,393</u>
Change in net assets					33,178
Net assets - Beginning					833,742
Net assets - Ending					<u>\$ 866,920</u>

The accompanying notes are an integral part of the financial statements.

**HENRIETTA TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	GENERAL FUND	VEHICLE REPLACEMENT FUND	PUBLIC IMPROVEMENT FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 210,773	\$ 57,009	\$ 5,775	\$ 273,557
Investments	-	-	207,030	207,030
Due from other governments	101,893	-	-	101,893
Due from other funds	858	-	-	858
Total assets and other debits	<u>\$ 313,524</u>	<u>\$ 57,009</u>	<u>\$ 212,805</u>	<u>\$ 583,338</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 11,097	\$ -	\$ -	\$ 11,097
Accrued expenses	1,166	-	-	1,166
Total liabilities	<u>12,263</u>	<u>-</u>	<u>-</u>	<u>12,263</u>
FUND BALANCES				
Fund balances - Unreserved	301,261	57,009	212,805	571,075
Total fund balances	<u>301,261</u>	<u>57,009</u>	<u>212,805</u>	<u>571,075</u>
Total liabilities, fund equity and other credits	<u>\$ 313,524</u>	<u>\$ 57,009</u>	<u>\$ 212,805</u>	<u>\$ 583,338</u>

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balance - total governmental funds	\$ 571,075
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. For purposes of this reconciliation capital assets are netted with accumulated depreciation.	215,278
The Township has entered into a road agreement with the County Road Commission, the payments are spread over a five year period. The Township does not own or maintain these roads and therefore are not reported in the governmental funds balance sheet. Amount shown net of related amortization.	120,457
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(35,500)
Accrued leave is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.	<u>(4,390)</u>
Net assets of governmental activities	<u>\$ 866,920</u>

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	GENERAL FUND	VEHICLE REPLACEMENT FUND	PUBLIC IMPROVEMENT FUND	TOTAL
REVENUES:				
Taxes and penalties	\$ 144,625	\$ -	\$ -	\$ 144,625
Franchise fee	9,639	-	-	9,639
Licenses and permits	27,339	-	-	27,339
Fees and fines	12,784	-	-	12,784
Intergovernmental	315,225	-	-	315,225
Charges for services	51,294	-	-	51,294
Interest income	2,183	1,912	7,665	11,760
Other revenue	55,033	-	-	55,033
Total revenues	<u>618,122</u>	<u>1,912</u>	<u>7,665</u>	<u>627,699</u>
EXPENDITURES:				
Current:				
Legislative	58,159	-	-	58,159
General government	217,785	-	-	217,785
Public safety	252,619	-	-	252,619
Public works	41,245	-	-	41,245
Capital outlay	10,724	10,000	-	20,724
Total expenditures	<u>580,532</u>	<u>10,000</u>	<u>-</u>	<u>590,532</u>
NET CHANGE IN FUND BALANCE	37,590	(8,088)	7,665	37,167
FUND BALANCE - Beginning of year	<u>263,671</u>	<u>65,097</u>	<u>205,140</u>	<u>533,908</u>
FUND BALANCE - End of year	<u>\$ 301,261</u>	<u>\$ 57,009</u>	<u>\$ 212,805</u>	<u>\$ 571,075</u>

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

Net change in fund balances - total governmental funds	\$ 37,167
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlay as expenditures. However, in the government wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	20,724
Governmental funds report road payments to the County Road Commission as expenditures. However, in the government wide statement of activities and changes in net assets, the cost of those intangible assets is allocated over their estimated useful lives as amortization expense.	35,500
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(50,624)
Amortization expense on intangible assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, amortization expense is not reported as an expenditure in governmental funds.	(6,741)
Obsolete capital assets not fully depreciated are expensed in the government wide statement of activities and changes in net assets.	<u>(2,848)</u>
Change in net assets of governmental activities	<u>\$ 33,178</u>

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and cash equivalents	<u>\$ 8,046</u>
 LIABILITIES	
Due to other funds	\$ 858
Due to other's	7,188
Total liabilities	<u>\$ 8,046</u>

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

HENRIETTA TOWNSHIP
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JUNE 30, 2008

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HENRIETTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

The accounting methods and procedures adopted by Henrietta Township conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following is a summary of the significant accounting policies used by Henrietta Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. DESCRIPTION OF TOWNSHIP OPERATIONS -

Henrietta Township is a general law township and is located in Jackson County, Michigan. The Township operates under an elected Board consisting of a Supervisor, Clerk, Treasurer, and two Trustees, and provides services to approximately 4,400 residents in many areas including fire and police protection, roads and streets, public interests, planning and zoning, and general administrative services.

B. REPORTING ENTITY -

As required by generally accepted accounting principles, the financial statements of Henrietta Township include its primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. On this basis, accordingly, the financial statements of certain other governmental organizations within the Township, such as the school district, are not included in the financial statements of the Township.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS -

The government-wide financial statements report information on all of the nonfiduciary activities of Henrietta Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as a separate column in the fund financial statements.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

HENRIETTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the government.

The Township reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Vehicle Replacement Fund accounts for the resources advanced from the general fund earmarked for capital outlays for the Township's fire department.
- The Public Improvement Fund accounts for resources received from the general fund earmarked for public improvements.

Additionally, the Township reports the following fund types:

- Agency funds account for assets held by the Township in a purely custodial capacity, the reporting entity includes three agency funds. Since agency funds are custodial in nature, they do not involve the measurement of results of operations.
- The Delinquent Tax Fund accounts for delinquent taxes and other fees collected to be distributed to the General Fund.
- The Tax Revenue Fund accounts for property tax collections to be distributed to the Township General Fund.
- The Fire Explosion Fund accounts for amounts collected from casualties and losses to ensure that the proper township ordinances are enforceable.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes not levied for a specific purpose.

HENRIETTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. CASH AND CASH EQUIVALENTS -

The Township has classified cash on hand in checking accounts as cash for balance sheet purposes. Cash in excess of current requirements is invested by the Treasurer in certificates of deposit. Certificates that mature within 90 days have liquidity similar to a regular checking account; they are presented as a cash equivalent in the financial statements. Certificates with a maturity of greater than 90 days are considered investments for financial statement purposes.

F. RECEIVABLES -

Henrietta Township records accounts receivable for amounts due from the State of Michigan for State shared revenue in the General Fund.

G. PREPAID EXPENSES -

Expenses, material in amount, which provide benefits in a future period have been set up as prepaid. They will be recognized as an expense in the period receiving the benefit.

H. CAPITAL ASSETS -

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building improvements	15 to 30 years
Vehicles and equipment	3 to 7 years

I. INTANGIBLE ASSETS -

The Township has entered into an agreement with the County Road Commission to construct and maintain roads within the township. The Township does not maintain custody of the roads but does share in the construction costs. The resources used in the construction of the roads are recorded as intangible assets and amortized over a period of 10 to 30 years in the government wide financial statements.

J. FUND EQUITY -

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. ACCUMULATED UNPAID LEAVE PAY -

It is the Township's policy to permit full time employees to accumulate earned but unused leave time. Accumulated at June 30, 2008, the liability included \$4,390 unpaid leave pay benefits reported in the governmental funds. All leave pay is accrued when incurred in the government-wide financial statements.

HENRIETTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

L. LONG TERM OBLIGATIONS -

In the government wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities.

M. ESTIMATES -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

NOTE 3 - PROPERTY TAXES:

The Township property taxes are levied annually on December 1st. Payment is due by the last day of the following February. For fiscal year 2008, the Township levied an operating tax. The operating tax is levied on the taxable valuation of real and personal property located within the Township on the preceding December 31st. For the 2007 levy collected in fiscal year 2008, the taxable value was \$135,358,753. The operating tax levied was 0.7818 mills (\$.7818 per \$1,000 of the taxable value).

HENRIETTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 - CASH AND INVESTMENTS:

The Township Treasurer is authorized by state law and a resolution from the Board of Trustees to invest surplus funds as follows:

- 1) Bonds or other direct obligations of the United States.
- 2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a federally insured bank or credit union.
- 3) Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. The maturity date of the commercial paper must not be longer than 270 days from the purchase date, and no more than 50% of any fund may be invested in commercial paper at any time.
- 4) United States government or federal agency obligations repurchase agreements.
- 5) Bankers' acceptances of United States banks.
- 6) Mutual funds composed of investment vehicles which are legal for direct investments by the Township.

Cash and cash equivalents of the Township can be categorized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and cash equivalents:		
Insured (FDIC)	\$ 157,005	\$ 157,005
Uninsured and uncollateralized	124,598	141,780
	<u>\$ 281,603</u>	<u>\$ 298,785</u>
Reported in the financial statements:		
Governmental funds	\$ 273,557	
Fiduciary funds	8,046	
	<u>\$ 281,603</u>	

The Township investments consist of certificates of deposit with a maturity of greater than 90 days. The Township has chosen to disclose its investments by specifically identifying each. As of June 30, 2008, the Township had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Market Value</u>	<u>Rating</u>
Certificates of Deposit - Uninsured	4/2/09	\$ 10,644	S&P-AAA
Certificates of Deposit - Uninsured	2/28/10	38,047	S&P-AAA
Certificates of Deposit - Uninsured	3/28/10	40,367	S&P-AAA
Certificates of Deposit - Uninsured	5/11/09	57,577	S&P-AAA
Certificates of Deposit - Uninsured	7/11/09	47,757	S&P-AAA
Certificates of Deposit - Uninsured	7/11/09	12,638	S&P-AAA
Total Investments		<u>\$ 207,030</u>	

HENRIETTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – CASH AND INVESTMENTS: (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Township minimizes this risk by holding investments to maturity.

Concentration of Credit Risk

The Township's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investments that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by public agencies.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:

The amount of interfund receivables and payables at June 30, 2008, are as follows:

<u>RECEIVABLES</u>		<u>PAYABLES</u>	
General	\$ -	Fire explosion	\$ 164
	-	Tax Revenues	694
Total	<u>\$ 858</u>	Total	<u>\$ 858</u>

HENRIETTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT:

Capital asset activity of Henrietta Township for the current year was as follows:

	<u>07/01/07</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>06/30/08</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 3,500	\$ -	\$ -	\$ 3,500
Subtotal	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
Capital assets being depreciated				
Buildings and improvements	291,300	-	-	291,300
Machinery and equipment	258,784	20,724	25,807	253,701
Office equipment	91,328	-	8,350	82,978
Vehicles	458,242	-	-	458,242
Subtotal	<u>1,099,654</u>	<u>20,724</u>	<u>34,157</u>	<u>1,086,221</u>
Less accumulated depreciation for				
Buildings and improvements	215,801	4,131	-	219,932
Machinery and equipment	194,031	14,319	23,618	184,732
Office equipment	67,312	9,036	7,690	68,658
Vehicles	377,983	23,138	-	401,121
Subtotal	<u>855,127</u>	<u>50,624</u>	<u>31,308</u>	<u>874,443</u>
Net capital assets being depreciated	<u>244,527</u>	<u>(29,900)</u>	<u>2,849</u>	<u>211,778</u>
Governmental activities				
Total Capital assets - net of depreciation	<u>\$ 248,027</u>	<u>\$ (29,900)</u>	<u>\$ 2,849</u>	<u>\$ 215,278</u>

Depreciation expense for governmental activities: \$ 50,624.

NOTE 7 - EMPLOYEES' PENSION PLAN:

The Township contributes to a defined contribution pension plan, administered by an investment company, which covers all full time salaried and clerical employees.

A defined contribution pension plan provides pension benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to a participant's account and the returns on investments of these contributions. Contributions made by an employee and contributions by the Township both vest immediately. The Township is required to contribute an amount equal to what each employee contributes up to 3% of the employee's gross earnings, excluding any overtime earnings.

During the year ending June 30, 2008, the Township's required contributions amounted to \$1,200.

HENRIETTA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8 - CHANGES IN LONG-TERM DEBT:

The general long-term debt and other long-term obligations of Henrietta Township, and the changes therein, may be summarized as follows:

	DEBT OUT- STANDING 07/01/07	ADDITIONS OF NEW DEBT	RETIREMENTS AND REPAYMENTS	DEBT OUT- STANDING 06/30/08
<u>GOVERNMENTAL ACTIVITIES</u>				
Jackson County Road Comm- ission Road Construction Agreement.	\$ 71,000	\$ -	\$ (35,500)	\$ 35,500

NOTE 9 - BUILDING PERMITS:

The Township complied with requirements to account for building permits and the related costs by establishing a department within the General Fund. Revenues for the year were \$27,059 and the expenditures were \$65,514 as follows:

Revenues:	
Building permits	\$ 16,309
Electrical permits	5,055
Plumbing permits	2,650
Mechanical permits	3,045
Total	<u>27,059</u>
Expenditures:	
Building inspections	55,315
Electrical inspections	4,903
Plumbing-Mechanical inspections	<u>5,296</u>
Total	<u>65,514</u>
Expenditures in excess of revenues	<u>\$ (38,455)</u>

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for claims.

HENRIETTA TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

HENRIETTA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Taxes -				
Current property taxes	\$ 100,000	\$ 105,000	\$ 105,858	\$ 858
Delinquent personal property	-	150	203	53
Administrative fees	30,000	35,000	35,974	974
Penalties and interest	-	-	2,590	2,590
Total	130,000	140,150	144,625	4,475
Franchise fees	9,000	9,000	9,639	639
Licenses and permits				
Building permits	18,000	18,000	16,309	(1,691)
Electrical permits	6,000	6,000	5,055	(945)
Plumbing permits	3,500	3,500	2,650	(850)
Mechanical permits	4,000	4,000	3,045	(955)
Other permits	200	200	280	80
Total	31,700	31,700	27,339	(4,361)
Fees and fines				
Site plan review	1,600	1,600	1,920	320
Land division fees	600	600	1,000	400
Tax collection fees	9,000	9,475	9,472	(3)
Other fees and fines	740	740	392	(348)
Total	11,940	12,415	12,784	369
Intergovernmental				
Sales tax	300,000	306,500	311,480	4,980
State metro act	3,000	3,000	3,745	745
Total	303,000	309,500	315,225	5,725
Charges for services				
Fire and rescue runs	-	-	400	400
Street lights	4,500	4,500	4,702	202
Transfer station	40,000	42,000	46,192	4,192
Total	44,500	46,500	51,294	4,794
Interest income	1,200	1,200	2,183	983
Other revenue				
Rents	27,000	23,000	24,210	1,210
Reimbursements	4,200	28,300	20,924	(7,376)
Grants/Donations	-	-	6,488	6,488
Miscellaneous	2,000	3,000	3,411	411
Total	33,200	54,300	55,033	733
TOTAL REVENUES	\$ 564,540	\$ 604,765	\$ 618,122	\$ 13,357

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
EXPENDITURES:				
LEGISLATIVE:				
TOWNSHIP BOARD:				
Salaries and wages	-	-	6,000	-
Employees' social security	-	-	459	-
Employees' health insurance	-	-	9,428	-
Memberships	-	-	2,818	-
Training, education and seminars	-	-	119	-
Professional services	-	-	1,387	-
Office supplies	-	-	87	-
Printing	-	-	351	-
Insurance	-	-	26,193	-
Equipment lease	-	-	2,049	-
Cemetery contributions	-	-	4,100	-
Senior nutrition	-	-	760	-
Community promotion	-	-	1,500	-
Community transportation	-	-	2,763	-
Miscellaneous	-	-	145	-
TOTAL LEGISLATIVE	56,050	61,850	68,159	3,691
GENERAL GOVERNMENT:				
SUPERVISOR:				
Salaries and wages	-	-	15,400	-
Employees' social security	-	-	1,178	-
Office supplies	-	-	157	-
Telephone	-	-	696	-
Memberships	-	-	40	-
Training, education and seminars	-	-	154	-
Travel	-	-	144	-
Total	17,980	18,030	17,769	261
ELECTIONS:				
Salaries and wages	-	-	2,800	-
Office supplies	-	-	391	-
Postage	-	-	299	-
Professional services	-	-	90	-
Printing	-	-	213	-
Training, education and seminars	-	-	175	-
Total	7,300	6,100	3,968	2,132

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
TOWNSHIP CLERK:				
Salaries and wages	-	-	19,850	-
Employees' social security	-	-	1,519	-
Memberships	-	-	105	-
Professional services	-	-	4,240	-
Office supplies	-	-	505	-
Postage	-	-	725	-
Telephone	-	-	1,053	-
Printing	-	-	1,322	-
Training, education and seminars	-	-	183	-
Repairs and maintenance	-	-	2,713	-
Travel	-	-	431	-
Miscellaneous	-	-	55	-
Total	<u>32,325</u>	<u>33,425</u>	<u>32,701</u>	<u>724</u>
ASSESSING:				
Salaries and wages	-	-	360	-
Employees' social security	-	-	27	-
Memberships	-	-	150	-
Professional services	-	-	36,462	-
Office supplies	-	-	708	-
Telephone	-	-	478	-
Printing	-	-	1,163	-
Training, education and seminars	-	-	456	-
Repairs and maintenance	-	-	1,675	-
Travel	-	-	646	-
Total	<u>44,380</u>	<u>44,380</u>	<u>42,124</u>	<u>2,256</u>
BOARD OF REVIEW:				
Salaries and wages	-	-	1,706	-
Employees' social security	-	-	50	-
Office supplies	-	-	81	-
Printing	-	-	118	-
Travel	-	-	288	-
Total	<u>2,700</u>	<u>2,700</u>	<u>2,243</u>	<u>457</u>

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
TOWNSHIP TREASURER:				
Salaries and wages	-	-	21,140	-
Employees' social security	-	-	1,617	-
Insurance	-	-	584	-
Professional services	-	-	4,240	-
Office supplies	-	-	1,031	-
Postage	-	-	2,249	-
Telephone	-	-	478	-
Training, education and seminars	-	-	20	-
Repairs and maintenance	-	-	1,269	-
Travel	-	-	80	-
Total	34,450	34,250	32,708	1,542
TOWNSHIP HALL AND GROUNDS:				
Professional services	-	-	1,235	-
Repairs and maintenance	-	-	9,017	-
Utilities	-	-	9,157	-
Miscellaneous	-	-	15	-
Total	22,500	22,600	19,424	3,176
TRANSFER STATION:				
Salaries and wages	-	-	17,563	-
Employees' social security	-	-	1,347	-
Professional services	-	-	44,292	-
Utilities	-	-	800	-
Repairs and maintenance	-	-	2,696	-
Miscellaneous	-	-	150	-
Total	72,360	72,360	66,848	5,512
TOTAL GENERAL GOVERNMENT	233,995	233,845	217,785	16,060

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
PUBLIC SAFETY:				
FIRE DEPARTMENT:				
Salaries and wages	-	-	84,390	-
Employees' social security	-	-	6,529	-
Employees' health insurance	-	-	15,437	-
Retirement contribution	-	-	1,200	-
Memberships	-	-	685	-
Professional services	-	-	5,771	-
Office supplies	-	-	231	-
Gas and oil	-	-	3,663	-
Clothing allowance	-	-	424	-
Operating supplies	-	-	1,829	-
Telephone	-	-	1,536	-
Repairs and maintenance	-	-	36,758	-
Training, education and seminars	-	-	3,701	-
Travel	-	-	129	-
Utilities	-	-	6,702	-
Total	175,410	178,310	168,985	9,325
ORDINANCE ENFORCEMENT:				
Professional services	-	-	2,833	-
Operating supplies	-	-	92	-
Postage	-	-	100	-
Telephone	-	-	120	-
Repairs and maintenance	-	-	180	-
Travel	-	-	949	-
Total	7,200	6,200	4,274	1,926
BUILDING INSPECTIONS:				
Salaries and wages	-	-	45,420	-
Employees' social security	-	-	3,452	-
Employees' health insurance	-	-	3,000	-
Memberships	-	-	100	-
Office supplies	-	-	52	-
Postage	-	-	100	-
Telephone	-	-	478	-
Training, education and seminars	-	-	824	-
Repairs and maintenance	-	-	1,313	-
Travel	-	-	458	-
Miscellaneous	-	-	118	-
Total	50,900	55,500	55,315	185
ELECTRICAL INSPECTIONS:				
Salaries and wages	-	-	4,175	-
Employees' social security	-	-	316	-
Training, education and seminars	-	-	196	-
Travel	-	-	216	-
Total	6,050	6,050	4,903	1,147

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
PLUMBING-MECHANICAL INSPECTIONS:				
Professional services	-	-	4,485	-
Travel	-	-	811	-
Total	8,150	6,650	5,296	1,354
PLANNING AND ZONING				
Salaries and wages	-	-	4,806	-
Employees' social security	-	-	362	-
Memberships	-	-	1,210	-
Professional services	-	-	4,799	-
Office supplies	-	-	122	-
Postage	-	-	200	-
Telephone	-	-	872	-
Printing	-	-	358	-
Training, education and seminars	-	-	240	-
Repairs and maintenance	-	-	207	-
Travel	-	-	663	-
Miscellaneous	-	-	7	-
Total	21,330	19,830	13,846	5,984
TOTAL PUBLIC SAFETY	269,040	272,540	252,619	19,921
PUBLIC WORKS:				
HIGHWAYS AND STREETS				
Road construction	37,000	37,000	35,500	1,500
STREET LIGHTS				
Utilities	5,700	5,750	5,745	5
TOTAL PUBLIC WORKS:	42,700	42,750	41,245	1,505
CAPITAL OUTLAY:				
Fire department	11,000	11,000	10,724	276
TOTAL EXPENDITURES	612,785	621,985	580,532	41,453
Net changes in fund balance	(48,245)	(17,220)	37,590	54,810
FUND BALANCE - Beginning of year	263,671	263,671	263,671	-
FUND BALANCE - End of year	\$ 215,426	\$ 246,451	\$ 301,261	\$ 54,810

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
Revenues:				
Interest income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,912</u>	<u>\$ 1,912</u>
Expenditures:				
Capital outlay				
Public safety	<u>61,000</u>	<u>61,000</u>	<u>10,000</u>	<u>51,000</u>
Net change in fund balance	<u>(61,000)</u>	<u>(61,000)</u>	<u>(8,088)</u>	<u>52,912</u>
FUND BALANCE - Beginning of year	<u>65,097</u>	<u>65,097</u>	<u>65,097</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 4,097</u></u>	<u><u>\$ 4,097</u></u>	<u><u>\$ 57,009</u></u>	<u><u>\$ 52,912</u></u>

The accompanying notes are an integral part of the financial statements.

HENRIETTA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
PUBLIC IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
Revenues:				
Interest income	\$ -	\$ -	\$ 7,665	\$ 7,665
Expenditures:				
Capital outlay				
Public works	191,000	191,000	-	191,000
Net change in fund balance	(191,000)	(191,000)	7,665	198,665
FUND BALANCE - Beginning of year	205,140	205,140	205,140	-
FUND BALANCE - End of year	<u>\$ 14,140</u>	<u>\$ 14,140</u>	<u>\$ 212,805</u>	<u>\$ 198,665</u>

The accompanying notes are an integral part of the financial statements.

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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

K. LAVERNE MARKOWSKI, C.P.A.
RONALD L. MARKOWSKI, C.P.A.
DOUGLAS E. ATKINS, C.P.A.

COMMUNICATION OF AUDITOR/TOWNSHIP RESPONSIBILITY

Township Board
Henrietta Township
Jackson County, Michigan

We have audited the financial statements of Henrietta Township as of and for the year ended June 30, 2008, and have issued our report thereon dated December 24, 2008. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated December 1, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud, may exist and not be detected by us.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Henrietta Township are described in Note 1 to the financial statements. We noted no transactions entered into by Henrietta Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the depreciable lives of the capital assets.

We evaluated the lives of each of the assets to determine that they are being expensed over the proper period of time.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by Henrietta Township that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We noted audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Henrietta Township's reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Henrietta Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

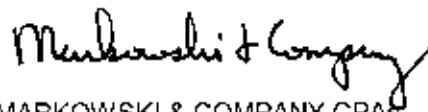
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Henrietta Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

The staff at the Township were extremely helpful and cooperative during our audit. We did not encounter any difficulties in completing our audit.

This information is intended solely for the use of the Township board and management of Henrietta Township and should not be used for any other purpose.

Very truly yours,



MARKOWSKI & COMPANY CPAS
December 24, 2008

MARKOWSKI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Henrietta Township Board
11120 Musbach Road
Munith, MI 49259

In planning and performing our audit of the financial statements of the governmental activities, major funds, and remaining fund information of Henrietta Township as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Henrietta Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Segregation of Duties

Because of the limited size of Henrietta Township's accounting staff, proper segregation of duties cannot be accomplished. This is an inherent weakness in the internal controls of the Township. The Township's board needs to continue to exercise appropriate management oversight to help compensate for the lack of staff. The only corrective action would be to hire additional staff, which is not practical.

Reliance on External Auditors for Certain Control Functions

It is considered a significant deficiency in internal control when a governmental entity relies upon its external auditors as part of its internal control systems. In the Township's case, it relies on the external auditors to prepare year end financial statements required by the State of Michigan.

This is considered a significant deficiency because the Township does not have staff or an independent advisor qualified to ensure the external auditor's work complies with all required standards. To address this, the Township could either improve the staff's knowledge base through continuing education, or hire a CPA independent of its audit firm to review the annual report. The Township believes that from a cost-benefit basis, neither of these solutions makes sense. We concur with this decision.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Journal Entries

Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principles.

This communication is intended solely for the information and use of management, Henrietta Township's board, and is not intended to be and should not be used by anyone other than these specified parties.



Markowski & Company, CPAs
December 24, 2008

HENRIETTA TOWNSHIP
MEMORANDUM OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2008

Bank Reconciliations

During our audit we found that all bank accounts were being reconciled timely. However, these reconciliations did not agree with the Township's general ledger which contains the financial records of the Township. The differences were immaterial, but the two amounts should agree. We recommend that the bank reconciliations and the general ledger be reconciled on a monthly basis in the future.

Accounting Software

The Township has invested in an accounting software package and uses it to record and maintain its financial records. The Township uses the software for the general fund extensively but other fund financial activities are still being kept using a manual system. We recommend that the accounting software be utilized to its fullest extent and start recording all of the funds financial information within the software.